

STATE SENATOR • MARK SCHAUER • 19TH DISTRICT

Schauer Press Release



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Senate Commerce & Labor Committee to Hold Hearing on Michigan Petroleum Marketing Stabilization Act

*Measure aims to encourage free and fair competition among retailers to stabilize
consumer fuel costs by eliminating predatory pricing*

LANSING – State Sen. Mark Schauer (D-Battle Creek) announces that the Senate Commerce & Labor Committee will hold a hearing **at 3 p.m., January 27 in Room 100 of the Farnum Building in Lansing** to take public testimony regarding Senate Bill 519, the Michigan Petroleum Marketing Stabilization Act.

“The Petroleum Marketing Stabilization Act protects Michigan consumers and levels the playing field among fuel retailers by keeping fuel costs low in the long run,” Sen. Schauer said. “In light of uncertain economic times and wildly fluctuating gas prices throughout our state, it is vitally important to stabilize the price of fuel. This legislation will keep costs down and keep more money in the hands of the citizens who earned it.”

Last May Sen. Schauer introduced legislation in the Senate and State Rep. Charlie LaSata (R-St. Joseph) introduced a similar version in the House. The bill has the support of a bipartisan coalition of senators and members of the Michigan Petroleum Association and Michigan Association of Convenience Stores (MPA/MACS) and the Service Station Dealers Association (SSDA).

In Michigan, the average price of gasoline this week is a \$1.62 a gallon. AAA of Michigan reports that price is 2.5-cents higher than last week and 13-cents higher than January of 2003. AAA representatives say gas prices could rise as high as \$2 per gallon this year.

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The Michigan Petroleum Marketing Stabilization Act calls for stabilizing gas prices thereby benefiting Michigan consumers by prohibiting predatory pricing and limiting the amount a retailer could charge above the wholesale price.

The proposed act would help ensure free and fair competition between small, independent, locally owned gas stations and huge out-of-state owned retailers – competition, which in the long run, provides customer choice and lower fuel costs. About 20 other states have adopted similar legislation.

Legislators say the Michigan Petroleum Marketing Stabilization Act is also needed because:

- Due to predatory pricing practices, small independent fuel retailers in Michigan are not able to effectively compete, and cannot afford the losses they must take on the fuel they sell to their customers;
- Over time, predatory pricing activities will severely reduce and eventually eliminate most of Michigan's independent gas stations, which will allow major retailers to sell fuel at a much higher price;
- Other independent industries in Michigan – such as shoe retailers, hardware stores, pharmacies and other entities – have fallen victim to similar tactics, which has effectively crippled the communities containing those industries;
- Michigan's independent fuel retailers deserve the same type of protection from predatory pricing tactics as retailers in other states;
- Current laws do not adequately address negative issues regarding pricing and competitiveness in fuel sales at the state level;
- Small independent fuel retailers in Michigan quite often are struggling to pay their employees even the minimum wage to collect money from fuel sales because of losses; and
- Many small independent gas stations that once contributed greatly to the economic growth of local communities through charitable giving, employment and other benefits have had to reduce or eliminate those efforts, which are largely not being replaced by major fuel retailers.

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Schauer is the Senate Democratic Floor Leader. He represents the 19th Senate District, which includes all of Calhoun County and most of Jackson County.